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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON 25, D. C.

CIVIL ACCOUNTING AND  
AUDITING DIVISION

June 11, 1962

MEMORANDUM TO THE FILES

Subject: Central Intelligence Agency audit--  
June 8, 1962, meeting with CIA Comptroller

A. T. Samuelson, Director, CAAD, and E. L. Pahl met with Mr. Bross, Comptroller, CIA, and [REDACTED] Deputy Comptroller, CIA, in Mr. Bross' office, Room 6E64, CIA Headquarters Building.

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Mr. Samuelson summarized the history of the GAO audits of CIA activities, and the status of the present audit. Mr. Bross was informed that the limitations on the audit access was such that we could not make a worthwhile contribution, either to the Congress or the agency, commensurate with the investment of our professional resources, and we therefore were taking steps to discontinue the audit.

Mr. Samuelson stated that he suggested this meeting with Mr. Bross as the alternative to the meeting at which Mr. McCone and the Comptroller General were to attend, to comply with the request of Mr. Dulles, former Director of Central Intelligence, in his letter of May 17, 1961, to the Comptroller General in which the DCI stated that before final action is taken to discontinue the GAO audit of CIA he would like to discuss with the Comptroller General the possibility of continuing the audit on some scale.

In arranging for a meeting with Mr. McCone to discuss our audit, its limitations, and our proposal to discontinue, Mr. Campbell had agreed to attend the meeting should Mr. McCone so desire. However, this meeting had been called off because the DCI had advised the Comptroller General that he had been fully briefed on the problems of the GAO audit at CIA.

Mr. Samuelson stated that we have reviewed substantially all of the areas in which we are permitted access and that under the present limitations on our audits he believes it is not possible for GAO to make reviews on a continuing basis that would be helpful to the Congress. Accordingly, he is again recommending to the Comptroller General that our reviews at CIA be terminated and that Mr. Smart, of the House Armed Services Committee staff, be advised of our plan.

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Review of this document by CIA has  
determined that \_\_\_\_\_  
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if it contains information of CIA  
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If it contains nothing of CIA interest  
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Lengthy discussions followed this summarization in response to a number of inquiries from Mr. Bross on the reasons (1) why GAO could not make an effective audit, (2) the services GAO might continue to render to CIA in the event the audit was discontinued, (3) the extent of access to CIA activities that would be necessary to making a comprehensive audit of CIA activities, and (4) the congressional group or groups reviewing GAO activities. The comments of GAO officials on these matters are summarized below.

- (1) GAO cannot make an effective audit of CIA activities because the administrative activities, support of nonsensitive operations to which we are permitted access are not separated from those in support of sensitive operations to which we are not permitted access. These administrative activities, such as financial, property and personnel management, control CIA activities and are the areas where GAO audits are usually productive of significant evaluations. In addition, the activities of the Intelligence Component are of such a nature that they are not readily susceptible to audit. The great bulk of the expenditures of this Component are for personnel services rendered in selecting on the basis of personal judgment under broad guidelines the specific information to be collected, collated, and used in the production of intelligence.
- (2) It was agreed that at such time as the GAO audit of CIA is discontinued, GAO would continue to service such requests of CIA that are necessary to maintain the secrecy of their sensitive operations, including (a) honoring [redacted] requests for the cessation of field audits of contracts coming under DCI certifications under section 8(b) of the CIA Act of 1949, and (b) providing necessary contacts for CIA use in secretly obtaining opinions, conclusions, and information from GAO officials without disclosing the identity of CIA.
- (3) To obtain the maximum effectiveness of a GAO audit of CIA activities it would be necessary for the GAO audit staff to have complete access to CIA activities. However, it is believed possible to perform reasonably comprehensive reviews of CIA activities with complete access to administrative activities performed in support of both sensitive and nonsensitive operations.
- (4) The GAO audit was performed in response to the interest demonstrated by Mr. Kilday's special subcommittee on CIA, and other congressional groups had not requested GAO to perform audits of CIA. It was also stated that GAO performs audits under statutory authority granted it, and in addition undertakes audits or reviews requested by committees and members of Congress.

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